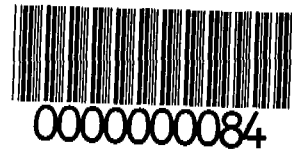


CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER



ARIZONA CORPORATION COMMISSION

DATE: May 3, 2000

DOCKET NO.: T-03283A-96-0565

TO ALL PARTIES:

Enclosed please find the recommendation of Hearing Officer Alicia Grantham. The recommendation has been filed in the form of an Order on:

NETWORK PLUS, INC. D/B/A H AND F NETWORK PLUS, INC.
(CC&N/RESELLER)

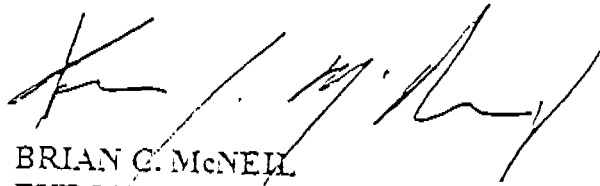
Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Hearing Officer by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

MAY 12, 2000

The enclosed is NOT an order of the Commission, but a recommendation of the Hearing Officer to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

JUNE 6, 2000 AND JUNE 7, 2000

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250.


BRIAN C. McNEILL
EXECUTIVE SECRETARY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 CARL J. KUNASEK
CHAIRMAN

3 JIM IRVIN
COMMISSIONER

4 WILLIAM A. MUNDELL
COMMISSIONER

5
6 IN THE MATTER OF THE APPLICATION OF
7 NETWORK PLUS, INC. D/B/A H AND F
8 NETWORK PLUS, INC. FOR A CERTIFICATE OF
9 CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE INTRASTATE
TELECOMMUNICATIONS SERVICES AS A
RESELLER EXCEPT LOCAL EXCHANGE
SERVICES

DOCKET NO. T-03283A-96-0565

DECISION NO. _____

ORDER

10 Open Meeting
11 June 6 and 7, 2000
12 Phoenix, Arizona

BY THE COMMISSION:

13 Having considered the entire record herein and being fully advised in the premises, the
14 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

15 **FINDINGS OF FACT**

16 1. On November 14, 1996, Network Plus, Inc. d/b/a H and F Network Plus, Inc.
17 ("Network" or "Applicant") filed with Docket Control of the Arizona Corporation Commission
18 ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to
19 provide competitive intrastate telecommunications services, except local exchange services, as a
20 reseller within the State of Arizona.

21 2. On February 11, 2000, Applicant filed an Amended Application updating contact and
22 financial information.

23 3. In Decision No. 58926 (December 22, 1994), the Commission found that resold
24 telecommunications providers ("resellers") were public service corporations subject to the
25 jurisdiction of the Commission.

26 4. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101
27 through R14-2-1115 to regulate resellers.
28

1 5. Applicant is a Massachusetts corporation, authorized to do business in Arizona since
2 1993.

3 6. Applicant is a switchless reseller, which purchases telecommunications services from
4 various providers.

5 7. On December 13, 1999, the Commissions Utilities Division Staff ("Staff") filed its
6 Staff Report.

7 8. In the Staff Report, Staff stated that the Applicant provided financial statements of its
8 parent company, Network Plus Corporation, for the year ending December 31, 1998. These financial
9 statements indicate the Applicant had assets of \$48.9 million, negative equity totaling (\$6.7 million)
10 and negative retained earnings of (\$11.2 million). Additionally, the Applicant had a net loss of (\$4.4
11 million) on revenues of \$105.5 million. Based on the foregoing, Staff believes that Applicant lacks
12 adequate financial resources. In its application, Applicant stated that it does not currently, and will
13 not in the future, charge its customers for any prepayments, advances or deposits. If at some future
14 date, the applicant wants to charge customers any prepayments, advances, or deposits, it must file
15 information with the Commission that demonstrates the Applicant's financial viability. Staff believes
16 that if the Applicant experiences financial difficulty, there should be minimal impact to its customers.
17 Customers are able to dial another reseller or facilities-based provider to switch to another company.

18 9. The Staff Report stated that Applicant has no market power and the reasonableness of
19 its rates would be evaluated in a market with numerous competitors.

20 10. Staff recommended that:

21 (a) Applicant's application for a Certificate should be approved without a hearing
22 pursuant to A.A.C. R14-2-1106B;

23 (b) Applicant's intrastate toll service offerings should be classified as competitive
24 pursuant to A.A.C. R14-2-1108;

25 (c) Applicant's competitive services should be priced at the effective rates set
26 forth in Applicant's tariffs and the maximum rates for these services should be the
27 maximum rates proposed by Applicant in its tariffs. The minimum rates for
28 applicant's competitive services should be Applicant's long run incremental costs of
providing those services as set forth in A.A.C. R14-2-1109; and

1 (d) Applicant should be required to comply with the Commission's rules and
2 modify its tariffs to conform with the rules if it is determined there is a conflict
3 between Applicant's tariffs and the Commission's rules.

4 11. By Procedural Order dated March 29, 2000, the Commission set a deadline of April
5 28, 2000, for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting
6 intervention as interested parties.

7 12. On February 14, 1997, the Applicant filed affidavits indicating that it published notice
8 of its filing in all counties where service is to be provided pursuant to A.A.C. R14-2-1104.

9 13. No exceptions were filed to the Staff Report, nor did any party request that a hearing
10 be set.

11 CONCLUSIONS OF LAW

12 1. Applicant is a public service corporation within the meaning of Article XV of the
13 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

14 2. The Commission has jurisdiction over Applicant and the subject matter of the
15 application.

16 3. Notice of the application was given in accordance with the law.

17 4. Applicant's provision of resold intrastate telecommunications services is in the public
18 interest.

19 5. Applicant is a fit and proper entity to receive a Certificate for providing competitive
20 intrastate telecommunications services as a reseller in Arizona.

21 6. Staff's recommendations in Findings of Fact No. 10 are reasonable and should be
22 adopted.

23 ORDER

24 IT IS THEREFORE ORDERED that the Application of Network Plus, Inc. d/b/a H and F
25 Network Plus, Inc. for a Certificate of Convenience and Necessity for authority to provide
26 competitive intrastate telecommunications services, except local exchange services, shall be, and the
27 same is hereby granted, except that Network Plus, Inc. d/b/a H and F Network Plus, Inc. shall not be
28 authorized to charge customers any prepayments, advances, or deposits. In the future, if Network
Plus, Inc. d/b/a H and F Network Plus, Inc. desires to initiate such charges, including but not limited

1 to prepaid calling cards, it must file information with the Commission that demonstrates the
2 Company's financial viability or establish an escrow account equal to the amount of any
3 prepayments, advances or deposits. Staff shall review the information provided and file its
4 recommendation concerning financial viability within thirty (30) days of receipt of the financial
5 information, for Commission approval.

6 IT IS FURTHER ORDERED that Network Plus, Inc. d/b/a H and F Network Plus, Inc. shall
7 comply with the Staff recommendations set forth in Findings of Fact No. 10

8 IT IS FURTHER ORDERED that Network Plus, Inc. d/b/a H and F Network Plus, Inc. shall
9 file a complete set of tariffs within 30 days from the effective date of this Decision.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
12
13

14 CHAIRMAN

COMMISSIONER

COMMISSIONER

15
16
17 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
18 Secretary of the Arizona Corporation Commission, have
19 hereunto set my hand and caused the official seal of the
20 Commission to be affixed at the Capitol, in the City of
21 Phoenix, this ____ day of _____, 2000.

22 BRIAN C. McNEIL
23 EXECUTIVE SECRETARY

24 DISSENT: _____
25 AG:bbs
26
27
28

1 SERVICE LIST FOR:

NETWORK PLUS, INC. D/B/A H AND F
NETWORK PLUS, INC.

2

3 DOCKET NO.:

T-03283A-96-0565

4

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